

**REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE OF THE
BOARD OF DIRECTORS OF THE
COOK COUNTY HEALTH AND HOSPITALS SYSTEM**

JANUARY 20, 2009

ATTENDANCE

Present: Chairman Luis Muñoz, MD, MPH and Directors Benn Greenspan, PhD, MPH, FACHE; and Heather E. O'Donnell, JD, LL.M (3)

Gerald Bauman, CPA (Non-Director Member)

Absent: None (0)

Also Present: Johnny Brown – Chief Operating Officer, John H. Stroger, Jr. Hospital of Cook County; Pitt Calkin – Interim Chief Financial Officer, Cook County Health and Hospitals System; Joseph J. Evans, CPA – Partner, McGladrey & Pullen; Mike Fogarty - Office of the State's Attorney; James P. Grigg, CPA – Partner, McGladrey & Pullen; Tim Heinrich, CPA – Director, McGladrey & Pullen; Carolyn Lopez, MD; Deborah Santana – Office of the Secretary to the Board; David R. Small – Interim Chief Executive Officer, Cook County Bureau of Health Services

Ladies and Gentlemen:

Your Audit and Compliance Committee of the Board of Directors of the Cook County Health and Hospitals System met pursuant to notice on Tuesday, January 20, 2009 at the hour of 9:30 A.M. at Stroger Hospital, 1901 W. Harrison Street, in the fifth floor conference room, in Chicago, Illinois.

Your Committee has considered the following items, and upon adoption of this report, the recommendations follow.

Roll Call

Deborah Santana, of the Office of the Secretary to the Board, called the roll of members and it was determined that a quorum was present.

**Acceptance of the Report of the Audit Committee
for the meeting of December 5, 2008.**

Director O'Donnell, seconded by Chairman Muñoz, moved to accept the report of the Audit Committee for the meeting of December 5, 2008. THE MOTION CARRIED UNANIMOUSLY.

**Consider and approve recommendation to the Board of Directors
to enter into and execute contract with RSM McGladrey Inc.,
for performance audit services**

The following representatives from McGladrey & Pullen presented information on their qualifications with regard to performance audit services: Joseph J. Evans, CPA; James P. Grigg, CPA; and Tim Heinrich, CPA. (See Attachment #1.)

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Director O'Donnell inquired whether this contract would be replacing the one that was approved with Deloitte & Touche for performance audit services on the contingency contract with MedAssets.

Chairman Muñoz explained that there was a conflict of interest issue involved with Deloitte & Touche with regard to performing performance audit services on the contingency contract with MedAssets, therefore, Deloitte & Touche's services will not be used for this purpose. Other auditing firms were researched, and as a result, the performance auditing services of RSM McGladrey Inc., are now presented for the Committee's consideration. He stated that this contract is for the performance audit of the MedAssets contingency contract. He added that it is also for other auditing performance type activities that will be moving forward. The idea is to have an internal audit function developed at the System, however there will be times when an independent accounting firm is needed to verify what numbers and statistics the System is coming up with.

In response to Director O'Donnell's question regarding a timeline, estimated cost, and deliverables, Mr. Grigg stated that his company basically mirrored what Deloitte & Touche presented. Phase I of the project, at a projected cost not to exceed \$24,999, is presented for consideration and approval by the Committee. Mr. Grigg stated that he will electronically mail the timeline for the various phases of the project to Chairman Muñoz¹; he believed that they could be back before the Committee with Phase I completed within four to six weeks.

Mr. Griggs stated that Phase I includes the following services: obtaining and reading through the contract; interviewing management and the consultants; preparation of recommendations based on observations made; obtaining, understanding and developing the scope of Phase II; and meeting with the Committee to present a more detailed work plan for Phase II.

Director Greenspan, seconded by Director O'Donnell, moved the approval of the recommendation to the Board of Directors to enter into and execute a contract not to exceed \$24,999.00, with RSM McGladrey Inc., for Phase I performance audit services. THE MOTION CARRIED UNANIMOUSLY.

Discussion of status of Request for Proposals (RFP) for Internal Audit Function Services

Pitt Calkin, Interim Chief Financial Officer of the Cook County Health and Hospitals System, presented information on the status of RFPs for internal audit function services. He stated that eight proposals were received before the January 16th deadline.

Mr. Calkin stated that the selection committee charged with reviewing the proposals and submitting a recommendation to the Committee includes the following individuals: Chairman Muñoz; Mr. Calkin; David Small, System Interim Chief Executive Officer; and Dorothy Loving, Chief Financial Officer of Provident Hospital of Cook County. Mr. Calkin asked if one other Audit and Compliance Committee member could assist by participating in the selection committee; it was determined that Director O'Donnell would do so. Additionally, Mr. Calkin inquired whether Laura Burman, Cook County Auditor, should be asked to participate; the response was affirmative.

Mr. Calkin stated that there is a very short time frame to complete this; he hopes to have the selection committee's recommendations to the full Board by January 30th, and have these services start by February 2, 2009.

Presentation of Carolyn Lopez, MD
Appointment as Corporate Compliance AdHoc Work Group Coordinator

Chairman Muñoz introduced Dr. Carolyn Lopez. He stated that he has appointed Dr. Lopez as coordinator of the ad hoc Corporate Compliance Work Group. The concept of this group was created at the November 17, 2008 meeting of the Audit and Compliance Committee; composed of Corporate Compliance experts from the Chicago area, this group would coordinate with efforts to bring in the Corporate Compliance Officer and assist in the structuring and implementation of the program.

Dr. Lopez addressed the Committee, and stated her goals with regard to this task.

The Committee discussed the information provided. Mr. Small inquired regarding proposed processes; additionally, he asked whether a timeframe had been set for the purpose of submitting a list of prospective members to be considered for inclusion in the work group.

Dr. Lopez stated that she has some ideas for prospective internal and external members. She stated that she wanted to get some input from Committee members initially to get their thoughts and concerns before a formal list is submitted for consideration.

Mr. Small stated that he would mention the subject at an upcoming senior leadership meeting for suggestions of prospective members. It was also determined that Mr. Small would be the single System contact point for the work group.

Corporate Compliance

- Status of the search for a Corporate Compliance Officer
- Development of Corporate Compliance Manual and Forms

Mr. Small provided an update on the status of the search for a Corporate Compliance Officer, and on the development of a Corporate Compliance Manual and forms.

Johnny Brown, Chief Operating Officer of John H. Stroger, Jr. Hospital of Cook County, provided additional information. He is heading up a group charged with the task of initial evaluation of the candidates for the position of Corporate Compliance Officer.

The Committee discussed the information. Questions were raised and addressed regarding the role and responsibilities of the Corporate Officer, and with regard to the plans for the program.

Public Comments

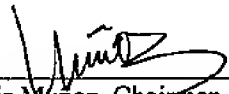
Chairman Muñoz asked the Secretary to call upon the registered public speakers.

The Secretary informed the Chair that there were none.

Adjournment

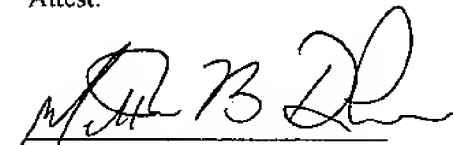
Director Greenspan, seconded by Director O'Donnell, moved to adjourn. THE MOTION CARRIED UNANIMOUSLY AND THE MEETING WAS ADJOURNED.

Respectfully submitted,
Audit and Compliance Committee of the
Board of Directors of the
Cook County Health
and Hospitals System



Dr. Luis Muñoz, Chairman

Attest:



Matthew B. DeLeon, Secretary

The following was requested or was indicated as a follow-up item at this meeting:

¹ Follow-up: Mr. Grigg (McGladrey & Pullen) stated that he will electronically mail the timeline for the various phases of the project to Chairman Muñoz. On page 2.

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ATTACHMENT #1